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No. 106

IN THE

Supreme Court of the United States

OCTOBER TERM, 1963.

COMPCO CORPORATION,
Petitioner,

vs.

DAY-BRITE LIGHTING, INC.,
Respondent.

BRIEF FOR RESPONDENT.

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QUESTION PRESENTED.

Where Petitioner has deliberately copied the functional and non-functional features of a product which has acquired a secondary meaning, was it not proper for a Court of Equity to enjoin Petitioner even though Respondent was unsuccessful in a separate cause of action for design patent infringement?

STATEMENT.

Petitioner's Statement is inadequate with respect to the basic findings of the lower Court's findings of unfair competition, as is the Government's Statement. A clear understanding can be obtained by setting out several of the Findings of Fact of the District Court, which clearly satisfy the requirements for unfair competition under Federal or state law:

> "19. The overall appearance of defendant's Mitchell 'Dynalite' fixture reflectors is the same, to the eye of the ordinary observer, as the overall appearance of plaintiff's CFI-10 reflectors which embody the design of the patent in suit.
>
> "20. Purchasers of lighting fixture reflectors of the type here involved are likely to be confused between the Mitchell 'Dynalite' reflector and the CFI-10 reflector.
>
> "21. Actual confusion has occurred. One user of fixtures of the type here involved, having an installation of plaintiff's CFI-10 fixtures and an installation of the defendant's Mitchell 'Dynalite' fixtures, requested plaintiff to service some defective Mitchell 'Dynalite' fixtures because they thought all of their fixtures were plaintiff's fixtures.
>
> "24. The appearance of plaintiff's CFI-10 reflector design has the capacity to identify plaintiff in the trade and does in fact so identify plaintiff to the trade.
>
> "25. The concurrent sale of plaintiff's CFI-10 fixture reflectors and defendant's Mitchell 'Dynalite' fixture reflectors is likely to cause confusion in the trade." (R. 300-1)

The Court of Appeals, in rendering its decision affirming unfair competitive acts of Petitioner, stated:

"This brings us to the question of unfair competition. While the District Judge did not specifically find 'secondary meaning' identifying the reflectors with the plaintiff as a source, he did find that the appearance of the CFI-10 has the capacity to identify the plaintiff in the trade and does, in fact, so identify the plaintiff to the trade. He found that concurrent sale of CFI-10 and Mitchell-Dynalite fixture reflectors was likely to cause confusion in the trade, and that actual confusion had occurred. Therefore, although he dismissed the Complaint insofar as patent infringement was concerned, he did find the defendant guilty of unfair competition. He granted an injunction against unfair competition by sale or attempted sale of reflectors identical with or confusingly similar to the CFI-10 or the Mitchell 'Dynalite,' and ordered an accounting for damages resulting from such unfair competition.

"Defendant contends that confusion of purchasers is impossible because those who buy this type of comparatively expensive product (which is always shipped in clearly marked containers) are skilled, experienced and discriminating purchasers. However, the District Court did find [fol. 378] confusion likely, and there is substantial evidence in the record to support that finding. We cannot characterize the finding as 'clearly erroneous' and may not set it aside. Federal Rules of Civil Procedure, Rule 52." (R. 326-7)

Neither Petitioner, nor the Government, has controverted any of these significant findings relating to unfair competition.

That Petitioner's deliberate copying occurred is clearly shown by the statement of one of its former employees who stated,

"I told him that if we're going to copy, we might as well copy the best." (R. 58)

ARGUMENT.

Generally.

The litigation in this cause was a typical case of joinder of two separate and distinct causes of action. One cause of action was for unfair competition. The other was for design patent infringement. Each cause of action depended for decision entirely upon its own facts. The two courts below have unanimously resolved the questions of fact and the applicable law in favor of Respondent with respect to unfair competition.

The Government in its brief concurred with the District Court and the Court of Appeals, except as to the nature of the remedy given Respondent. We quote from the Government's brief (p. 14):

> "Under the foregoing standards, we conclude: (1) that the District Court's findings in the *Compco* case, upheld by the Court of Appeals, justified relief against the unfair competition found, but that the case should be remanded to provide less stringent relief than the broad injunction entered, such as requiring Compco clearly to label its products; * * *"

Significantly the Government completely concurred with the law applied by the District Court and the Court of Appeals for the Seventh Circuit under the mandate of this Court in *Erie* v. *Tompkins*, 304 U.S. 64 (1938).

> "C. STATE UNFAIR COMPETITION LAWS MAY PROHIBIT THE COPYING OF UNPATENTED GOODS ONLY IF THE PUBLIC IS LIKELY TO BE CONFUSED AS TO THEIR SOURCE, *i.e.*, IF THE GOODS OF ONE PRODUCER ARE LIKELY TO BE PURCHASED IN THE BELIEF THAT THEY ARE THE GOODS OF ANOTHER.

> "The Federal Patent Laws do not bar the states from applying their laws of unfair competition to grant relief against copying where necessary to prevent deception. Even in the case of an expired patent, the laws of unfair competition may be applied to require the new manufacturer 'to identify its own products lest it be mistaken for that of the (former patentee)'."

The Findings of Fact of the District Court which we have set forth above in our Statement and the lucid statement of the Court of Appeals amply demonstrates that the Court below have applied the proper law to the facts in this case to the same degree and in the same manner that the Government contends is appropriate law. Respondent therefore sees no need or necessity for this Court to balance patent law of the Federal Government versus state law of unfair competition. The facts of this case just do not require the strained application Petitioner contends for under the antitrust laws (pp. 19-22).

The Courts Below in Finding that Respondent's Product had the Capacity to Identify Respondent and Did, in Fact, Identify Respondent, Properly Enjoined Petitioner's Slavish Copying Thereof because of the Paramount Public Interest in Preventing Deception.

Petitioner asserts time and time again, and the Government assumes for the most part, that Respondent's product is comprised wholly of functional features. Even though a rib or aperture may be functional to some degree, nonetheless the arrangement, size and configuration can and does render the product identifiable. In other words, the particular arrangement, size and configuration of the ribs and apertures perform in a non-functional manner to identify the originator.

Petitioner's reliance upon functional aspects of a single rib or aperture considered in and of itself, is of no help at all on the question of non-functionality of the overall appearance of the design. After all, in reflectors of this type the reflectors might have 20 apertures and one or two ribs, or the reflectors might have 20 ribs and two or three apertures. In any such arrangement, the ribs and apertures might have a wide variance in form. Ribs in and of themselves and apertures in and of themselves can have many different styles as was shown by Respondent's expert and Exhibits 28, 29, 30 and 31 (R. 165-167).

Petitioner could have availed itself to meet the functional requirements of its reflector of a wholly different arrangement of the ribs and apertures. The Court of Appeals so stated when it said:

> "As noted, several choices of ribbing were apparently available to meet the functional needs of the product. The defendant did not avail itself of the other types but instead chose precisely the same design used by the plaintiff and followed it so closely as to make confusion likely." (R. 328)

Such conduct by Petitioner is conceded by the Government to be actionable under Illinois law which "concededly controlled" (p. 8). There is no suggestion by the Government or Petitioner that Illinois law is different from the laws of any other States of the Union or from that body of undefined Federal law with respect to unfair competition. As the Court of Appeals stated in its decision "The essence of 'unfair competition' is that it be unfair, that 'in all cases of unfair competition, it is principles of old-fashioned honesty which are controlling.'" (R. 329).

The Finding of Unfair Competition Against Petitioner in no way Invades, Impinges upon or is in Conflict with Federal Law Relating to Patents.

The Government concedes in its brief that Respondent is entitled to relief for the unfair competitive acts of Petitioner. It therefore must conclude that with respect to Respondent and the relief granted to it, that the state law applied by the Courts below under *Erie* v. *Tompkins* was not in conflict with nor did it invade nor impinge upon the paramount Federal law relating to patents. Consequently the basic theme of the Government's brief (p. 14-33) is not applicable to Respondent but to *Sears, Roebuck & Co.* v. *The Stiffel Company*, No. 108, also pending before this Court.

The thrust of Petitioner's brief is that once Respondent's design patent was held invalid under the Federal patent laws that thereafter Respondent was precluded from any other relief because any other relief would be to give Respondent a monopoly for the same product denied under the patent laws. According to Petitioner, this would, in some undefined way, violate the antitrust laws.

If Petitioner's contentions are correct, it would completely emasculate our body of law relative to the joinders of causes of action. The joinder of both of Respondent's causes of action (namely design patent infringement, and the other for unfair competition) were and are sanctioned in a long line of cases of this Court including *Hurn* v. *Oursler*, 289 U.S. 238 (1933); *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938) and *Mazer* v. *Stein*, 347 U.S. 201 (1954).

In *Vacheron & Constantin-Le Coultre Watches, Inc.* v. *Benrus Watch Company, Inc.*, 155 F.Supp. 932, 936 (1957),

in dealing with plaintiff's attempt to cover the same article both by a design patent and a copyright, the Court stated the logical action of a manufacturer in endeavoring to protect himself as broadly as possible as follows:

> "I see nothing reprehensible about concurrent reliance upon both claims. The law as to the relationship between copyright and design patent claims is in an unsettled state, *Mazer* v. *Stein*, 347 U. S. 201, 74 S.Ct. 460, 98 L.Ed. 630, and patent counsel are to be commended in seeking for their clients protection under both heads upon the theory that protection under one or the other may be upheld by the courts."

Furthermore, Federal statute 28 U.S.C. 1338 (b) provides that unfair competition may be joined with a substantial and related claim under the patent laws:

> "(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and unrelating claim under the copyright, patent or trademark laws. June 25, 1948, c. 646, 62 Stat. 931."

The Federal Rules of Civil Procedure suggest a form for joining a Federal statutory monopoly (copyright) with a cause of action for unfair competition (form 17).

Furthermore, this Court in upholding a Federal statutory copyright claim for 28 years (renewable for a similar period) stated in *Mazer* v. *Stein*, 347 U.S. 201 (1954):

> "We do hold that the patentability of the statuettes, fitted as lamps or unfitted, does not bar copyright as works of art, neither the copyright statute nor any other says that because a thing is patentable it may not be copyrighted. We should not so hold." (p. 17)

Certainly a non-statutory common law right for unfair competition should not be cast in a more unfavorable position.

Respondent's cause of action with respect to design patent infringement arose under the Federal law when its design patent issued. Respondent's common law cause of action for unfair competition began when it introduced its product to the public so that its appearance became sufficiently identifiable (as the District Court and the Court of Appeals specifically found) as to identify Respondent in the trade to support a separate and distinct cause of action against subsequent competitors who caused confusion in the trade by copying. In the present case, the District Court found that "actual confusion" was created by Petitioner (Finding 21, R. 301).

Respondent's Reflector Acquired a Secondary Meaning to the Public and so Identified Respondent.

Petitioner asserts that there was no finding by the trial court of "secondary meaning" with respect to Respondent's reflector. Further, Petitioner argues (Brief, pp. 28-33) that without a finding of secondary meaning Respondent is not entitled to relief under the laws of the State of Illinois although Petitioner states that he can find no case in point (p. 30).

The Court of Appeals for the Seventh Circuit has consistently held that the law of the State of Illinois for findings of unfair competition is that there need only be "likelihood of confusion". The Government states that "unfair competition laws may prohibit the copying of unpatented goods only if the public is likely to be confused as to their source." (p. 29).

The District Court held "Purchasers of lighting fixture reflectors of the type here involved are likely to be

confused between the Mitchell "Dynalite" reflector and the CFI-10 reflector." (R. 301). The District Court also made the finding: "The concurrent sale of plaintiff's CFI-10 fixture reflectors and defendant's Mitchell 'Dynalite' fixture reflectors is likely to cause confusion in the trade." (R. 301). The Court of Appeals affirmed these findings. (R. 327).

Furthermore, the District Court found that there was actual confusion. (Finding 21, R. 301). The Court of Appeals affirmed this finding. (R. 327).

Whether one applies the doctrine of likelihood of confusion or actual confusion is of no moment in the present case. Both of these elements were present and there were specific findings in this regard.

Petitioner's statement that the Courts below did not find that Respondent's reflector had acquired a "secondary meaning" is equally groundless. The District Court made the specific finding "The appearance of plaintiff's CFI-10 reflector design has the capacity to identify plaintiff in the trade and does in fact so identify plaintiff to the trade." (R. 301). It is apparent that this finding of the trial court, without engaging in an exercise of semantics, is in fact a finding of secondary meaning. The Court of Appeals stated it this way:

> "While the District Judge did not specifically find 'secondary meaning' identifying the reflectors with the plaintiff as a source, he did find that the appearance of the CFI-10 has the capacity to identify the plaintiff in the trade and does, in fact, so identify the plaintiff to the trade. He found that concurrent sale of CFI-10 and Mitchell-Dynalite fixture reflectors was likely to cause confusion in the trade, and that actual confusion had occurred." (R. 326-327).

This finding is completely supported by the evidence. The American Brass Company personnel identified the appearance with Respondent (R. 66); the witness Humphreville testified that the appearance identified Respondent (R. 79); Mr. Blazey testified that the very purpose of the design was to create identity in the trade (R. 163, 169); the witness Ferneau testified that the appearance of Petitioner's reflector was such that it could be sold as Respondent's reflector (R. 62). Respondent's president, Mr. Whitehead, and the head of its new Product Division, Mr. Stahlhut, both testified that the design was created so as to provide this identity in the trade (R. 47, 102, 120); plaintiff sold millions of dollars worth of these reflectors (Respondent's Exhibit 23) which was a tremendous exposure of Respondent in its design to the trade.

Petitioner presented no testimony refuting this identity of the design appearance and Respondent in the trade. There is no doubt but that plaintiff's fixture acquired a "secondary meaning", and as such was protectable.

The Decisions by this Court Do Not Hold that a Manufacturer of His Product Cannot Protect It Except Under the Patent Laws.

It would appear that it is Petitioner's contention that a manufacturer, once having obtained a patent, is forever foreclosed from protecting its product if the patent expires or is judicially invalidated. In other words, once the cloak of immunity given by the patent laws is gone, that product can be slavishly copied whether fairly or unfairly, the non-functional as well as the functional features and whether or not they apply name tags to the product.

At the outset the Court must be reminded that this is not the position of the Government.

Petitioner relies on the decision of this Court in *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938) (p. 24). This decision has been much relied upon by defendants sued for design patent infringement. While the pillow shaped form of the 'shredded wheat' biscuit was covered by a design patent the patent was declared invalid and the dispute between the parties therefore resolved itself into a matter of avoiding confusion in the market place. The court found that defendant Kellogg was free to use the pillow shaped form subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff. The Court stated at page 120:

> "The question remains whether Kellogg Company in exercising its right to use the name 'shredded wheat' and the pillow shaped biscuit, is doing so fairly. Fairness requires that it be done in a manner which reasonably distinguishes its product from that of the plaintiff."

As stated by Callman in his treatise "Unfair Competition and Trademarks", Second Edition, Volume 3, 1950, Callaghan & Company, "However, this right to copy must not be exercised so as to deceive the public concerning the origin of the goods." (p. 1255).

It is submitted that the public interest is not furthered one bit by conduct that is "likely" to confuse" or deceive the public as to source of goods. The Government suggests less stringent relief to Respondent such as requiring Compco clearly to label its products.

Respondent asserts that it is entitled to its injunctive relief because Petitioner has already created public confusion and mere labeling at this late date would not dissipate the acts and effects of the unfair competition which

Petitioner itself created. No oppressive act was required by the District Court except for Petitioner to change the design of its reflector so that the public would not be confused. A wrongdoer is under a greater duty to distinguish than the public at large. *Independent Nail & Packing Co.* v. *Stronghold Screw Products, Inc.*, 215 F.2d 434 (CA 7, 1954); *Eskay Drugs* v. *Smith Kline and French Laboratories*, 188 F.2d 430 (CA 5, 1951); *Broderick & Bascom Rope Co.* v. *Manoff*, 41 F.2d 353 (CA 6, 1930); *Coca Cola Co.* v. *Gay-Ola*, 200 Fed. 720 (CCA 6, 1912).

Petitioner has not been enjoined from infringing but merely from competing unfairly with Respondent.

CONCLUSION.

Petitioner is erroneously attempting to reverse the sound holding of the two Courts below and perpetuate its tortious activity and unfair competition by obtaining a ruling that "principles of old-fashioned honesty are no longer controlling". This Court should not be "reluctant to conclude that what is morally reprehensible is legally impermissible". This Court should affirm the holdings of the two Courts below.

Respectfully submitted,

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